

FARM OPERATIONS – Client Form

A form must be completed for each Schedule F filed with your household's income tax forms. Please fill out the questions below. Ask your benefit specialist for help if you have any questions.

INCOME TAX FORMS:

1. *Line 10, Schedule F, Gas/fuel tax refund:* If there is an amount on this line, list the amount that was credited as a gas fuel/tax refund last year: \$ _____
 - If not known, it can be located on last year's income tax form 4136 or last year's 1040, line 67 (b), 4136.
2. *Line 24, Schedule F, Wages:* If there is an amount on this line, list amounts paid to a member of the household, if any: \$ _____ paid to _____ [household member(s)].

CAPITAL ASSETS (list description of the item in column 3a below):

3. In column 3b below list any money spent last year on the purchase of capital assets (real estate, farm equipment, machinery, etc.) used for the farm operation.
 - Only list the amount you paid last year.
 - If the item you list is for both farm and personal use, show only the dollar value that is attributed to the farm. Example - Mower: Costs \$1000 – used 80% for the farm; 20% for the home – enter \$800 in 3b).
 - If any of the amounts listed include interest payments that are already shown on lines 23a or 23b of your Schedule F, list them under column 3c below. (This must be done to make sure that we don't show the same amount twice.)
 - If you pay a mortgage and live on the farm, the amount of the deduction for farm mortgage expenses will be determined in the "Residing on Farm Property" section below. If you do not live on the farm, you may want to list your farm mortgage payment below.

3a. Business Asset Description	3b. Business Amount Paid in 2004	3c. Portion of Interest Amount listed on Lines 23a or 23b of Schedule F for the Business Asset (enter 0 if none)
<i>Example: Tractor</i>	<i>\$10,000</i>	<i>Line 23b - \$5000</i>

Use separate sheet if more space is needed.

Agency Use only: Total Amount Paid in Section 3b less the interest amount in Section 3c is entered on 304, page 3 under ASSET.

3d. Mortgage Paid Last Year: \$ _____ How much of the mortgage is interest? \$ _____

RESIDING ON FARM PROPERTY:

4. Do you live on the farm property? Yes _____ No _____
 If **No**, sign the form and return to benefit specialist. If **Yes**, complete below, then sign the form and return to DSS.

4a. Write in the amount from your Schedule F for the following:	4b. Does the amount include both farm and home costs? (Circle one if an expense is listed.)	**4c. If 4b is "Yes", list the dollar portion for your home cost (the part that is not the farm). If "No", list <u>total</u> dollars paid for that expense.
Line 22: Insurance \$ _____	Yes or No	\$ _____
Line 23a: Mortgage Interest \$ _____	Yes or No	\$ _____
Line 26b: Rent \$ _____	Yes or No	\$ _____
Line 31: Property Taxes \$ _____	Yes or No	\$ _____

**See back of this form for more information; your benefit specialist will also help, if requested.

Applicant/Recipient Signature _____ **Date** _____

Guide to Determine Allowable Expenses for Farm Self-Employment Business and Home Costs:

If you live on your farm, IRS may allow you to deduct part of your home costs as farm expenses. Food Stamp rules, however, only allow farm expenses as a deduction from your self-employment income and require all personal home expenses to be used as a shelter deduction in the food stamp budgeting process. To make sure the same amounts are not duplicated, Question 4 on the reverse side must be completed if you live on your farm property.

- Example: You live on the farm property and have the same mortgage payment for the farm and the home you live in. Under food stamp rules, the mortgage must be separated so a portion of it is used as a self-employment expense and a portion used for your home expense in the food stamp benefit determination. If this separation is not done, food stamp rules will not allow any of the mortgage payment as a deduction when determining the amount of self-employment income used in your food stamp budget determination or as deduction for your home expense when budgeting the amount of your food stamp benefits.
- HOME COSTS: Mortgage payment, including mortgage interest, property taxes, house and property insurance.

Step 1: This step assists in determining if the costs listed on Schedule F include home costs.

- Line 22, Insurance:** Is any of this insurance coverage for the house, furniture, or other non-farm related personal property? If yes, go to Step 2. If no, enter "No" in 4b and the total amount paid for insurance in 4c.
- Line 23a, Mortgage Interest:** Is the home's cost included in the mortgage loan? (Example: The home was on the farm property when the mortgage was taken out.) If yes, go to Step 2. If no, enter "No" in 4b and the total amount paid for the mortgage interest in 4c.
- Line 26b, Rent:** Is the home's rent included in the rent amount? If yes, go to Step 2. If no, enter "No" in 4b and the total amount paid for rent in 4c.
- Line 31, Property Taxes:** Is this the entire amount you paid for property taxes? If yes, go to Step 2. If no, enter "No" in 4b and the total amount paid for your property taxes in 4c.

If Step 1 answers a-d are "no", stop here. If any answer is yes, continue with step 2.

Step 2: This step assists in separating the home portion amounts from the business portion.

- Line 22, Insurance:** If the home premium amount is unknown, review the premium to see if home and farm values are identified. If there are premium amounts listed for home and farm, enter the home portion in column 4c. If not, and there is a value listed for home, furnishings, and personal property and a value covering the farm property, add both values together and divide the home value by the total value to arrive at a home percentage. Take that percentage times the premium to arrive at the home portion and enter that in column 4c. Example: Home is valued at \$50,000 and farm is valued at \$100,000=\$150,000. \$50,000 divided by \$150,000 = 33%. Insurance premium amount x 33% is the amount listed in 4c.
- Line 23a Mortgage Interest:** If the home value isn't known, review loan papers to see if the value of the home is listed separately from the farm land/buildings. If not, check government agriculture documents for separate home and farm values, property tax bills, or valuation for ag (farm) and non-ag (home) values. If not, possibly the loan officer or realtor could provide a value for the home. Once known, divide home value \$_____ by the total loan amount \$_____ = home percentage ____%. Mortgage Interest \$_____ x home percentage ____% = home share \$_____ (enter in 4c).
- Line 26b, Rent:** If the home rent amount is unknown, have the landlord provide a breakdown on how much of the rent is for the home and how much for the farm land/buildings. Divide home rent \$_____ by total rent \$_____ = home percentage ____%. Total rent \$_____ x home percentage ____% = home rent share \$_____ (enter in 4c).
- Line 31, Property Taxes:** List the non-ag portion of the taxes in column 4c.